



# HIRE MONTANANS FIRST ACT

## SB 205

BUSINESS & LABOR

EXHIBIT NO. 9

DATE 2-6-15

BILL NO. SB205

SPONSOR: SEN. ROBYN DRISCOLL SD 25  
BY REQUEST OF GOVERNOR STEVE BULLOCK

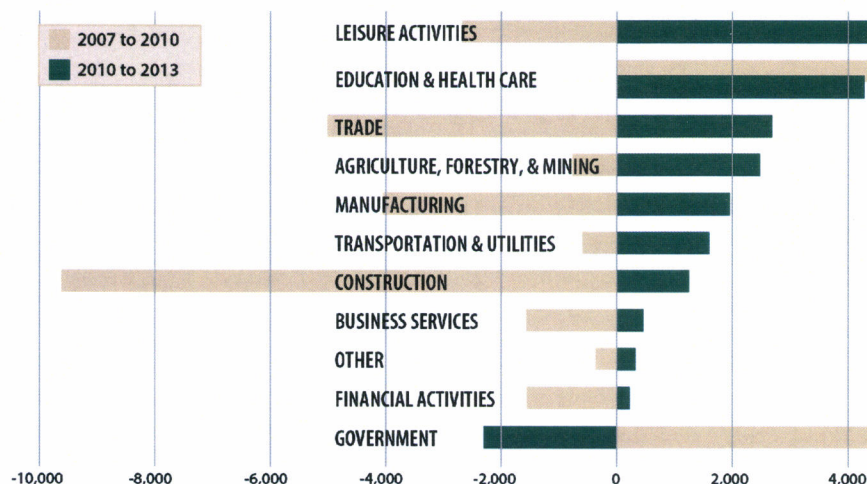
## BACKGROUND

Montana's state and local governments purchase a significant amount of goods and services from the private marketplace. Far too often, the dollars spent on state and local projects for local communities are awarded by contract to companies that are located outside Montana.

MCA 18-2-403 provides for a general preference for Montana citizens in public works contracts and MCA 18-2-409 stipulates that construction projects funded by state tax dollars be staffed by at least 50 percent Montana residents. However, there are many loopholes and weak enforcement in current statute.

## EMPLOYMENT IN MONTANA'S CONSTRUCTION INDUSTRY

The chart below shows the number of jobs lost during the recession from 2007 to 2010 to the types of jobs gained in the recovery from 2010 to 2013. The types of jobs added in the recovery are not the same types of jobs that were lost, requiring workers to change skill sets to gain jobs in the new economy. While Montana's overall unemployment rate has recovered to prerecession levels, the construction industry has not recovered. Construction lost over 9,000 jobs during the recession, with a slow industry recovery. SB 205 supports the Montana construction industry by ensuring that public dollars support Montana businesses and workers first, rather than handing these jobs over to out-of-staters.



## HIRE MONTANANS FIRST ACT

The Hire Montanans First Act is designed to put more public funds into the hands of Montana businesses and create more jobs for Montana workers. It is a common sense proposal that requires the contractors and subcontractors who benefit from these projects to make sure our tax dollars stay in Montana and provide for Montana jobs.





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SB 205 also proposes to close the loopholes in our existing law, make enforcement a higher priority, and expand this requirement to all taxpayer-funded projects—not just construction. MCA 18-2-401 lists these non-construction public works projects. They are:

- (a) the maintenance of publicly owned buildings and facilities, including public highways, roads, streets, and alleys;
- (b) custodial or security services for publicly owned buildings and facilities;
- (c) grounds maintenance for publicly owned property;
- (d) the operation of public drinking water supply, waste collection, and waste disposal systems;
- (e) law enforcement, including janitors and prison guards;
- (f) fire protection;
- (g) public or school transportation driving;
- (h) nursing, nurse's aid services, and medical laboratory technician services;
- (i) material and mail handling;
- (j) food service and cooking;
- (k) motor vehicle and construction equipment repair and servicing; and
- (l) appliance and office machine repair and servicing.

SB 205 will significantly increase the proportion of Montana workers required on any state or locally funded project from 50 to 75 percent.

In addition, SB 205 would:

- + Retain the existing waiver for genuine shortages of skilled workers—the Commissioner of Labor is authorized to grant partial waivers of the percentage of bona-fide Montana residents required to be employed by a contractor on a public works project if there is a genuine shortage of skilled workers in Montana who are available for the project.
- + Increase penalties—a contractor or subcontractor who fails to use a Montana resident workforce as required on a public works project would face a \$1,000 a week penalty (subject to a maximum penalty of \$10,000 against the contractor or subcontractor). The penalties go to the government agency that is in charge of the public works contract, to be credited to the funding source that is paying for the project.